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December 6, 2005  
**VIA FEDERAL EXPRESS**

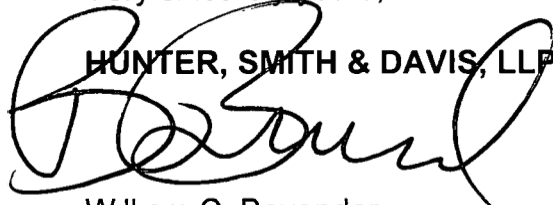
RE: Docket No. 04-00371

Dear Ms. Dillon:

Enclosed herewith for filing in the above referenced matter are the original and 13 conformed copies of a Preliminary Report of Action of a Pre-Issuance Hedge Entered Into Pursuant to Docket No. 04-00371.

If you have any questions, please do not hesitate to contact the writer

Very sincerely yours,

  
**HUNTER, SMITH & DAVIS, LLP**

William C. Bovender

WCB/pl  
Enclosures

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TENNESSEE:

Before the

TENNESSEE REGULATORY AUTHORITY

REPORT

of

APPALACHIAN POWER COMPANY

Docket No. 04-00371

PRELIMINARY REPORT OF ACTION  
OF A PRE-ISSUANCE HEDGE  
ENTERED INTO PURSUANT TO  
DOCKET NO. 04-00371

1. Appalachian Power Company ("APCo") has entered into the following pre-issuance hedge pursuant to Docket No. 04-00371:

<u>Beginning Date</u>	<u>Maturity Date</u>	<u>Notional Amount</u>	<u>Security to be Issued</u>	<u>Agreement Description</u>
11/21/05	4/17/06	\$25mm	Up to \$150mm 5 year notes in April 2006	Forward starting 5 year interest rate swap (APCo pays fixed of 4.910%, counterparty pays float)

Respectfully submitted this 2<sup>nd</sup> day of December, 2005.

APPALACHIAN POWER COMPANY

By: 

Thomas G. Berkemeyer  
Assistant Secretary